

Message Text

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EB/ORF/ICD:EAWENDT (DRAFT)
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TO USMISSION GENEVA IMMEDIATE

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GENEVA PASS ASSISTANT SECYS KATZ AND BERGSTEN

E.O. 11652: N/A

TAGS: ETRD, PORG, UNCTAD

SUBJECT: UNCTAD AD HOC INTERGOVERNMENTAL COMMITTEE (AHIC)
MEETING, JULY 10-14, 1978

REFS: A) GENEVA 9954; B) STATE 167572 C) GENEVA 09795

1. THIS MESSAGE CONVEYS INSTRUCTIONS FOR U.S. DELEGATION
OFSUBJECT MEETING.
2. LEVEL OF REPRESENTATION: WE CONCUR WITH MISSION'S
RECOMMENDATION IN REF A THAT BRUNGART AND STREEB SERVE
AS THE U.S. DELEGATION TO SIXTH SESSION OF THE AHIC,
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IN ACCORD WITH THE GROUP B CONSENSUS AS TO THE SIGNI-
FICANCE OF THIS MEETING.

3. DISCUSSION OF IPC COMMODITIES: DISCUSSION OF THE
IPC COMMODITIES AND THE PREPARATORY MEETINGS SHOULD
BE RESTRICTED TO GENERAL CONSIDERATIONS OF TIMING AND
PRIORITIES. THE USG IS OPPOSED TO DETAILED, COMMODITY-
BY-COMMODITY TREATMENT OF SUBSTANTIVE POLICY ISSUES IN
THE AHIC. IN OUR VIEW, SUCH AN APPROACH WOULD DUPLICATE
THE WORK GOING ON IN THE INDIVIDUAL COMMODITY GROUPS

AND WOULD IMMERSE THE AHIC IN COMPLEX TECHNICAL ISSUES WITHOUT THE REQUISITE EXPERTISE. INJECTING THE AHIC

IN THIS FASHION INTO THE SPECIFIC COMMODITY DISCUSSIONS WILL TEND TO INHIBIT RATHER THAN TO PROMOTE REAL PROGRESS. THE U.S. DELEGATION SHOULD WORK WITH OTHERS IN GROUP B TO RESIST ANY EFFORTS TO HAVE THE AHIC ISSUE GUIDANCE TO THE INDIVIDUAL COMMODITY GROUPS. REGARDING PRIORITIES, THE DELEGATION SHOULD ADVOCATE THE ADOPTION OF A REPORT WHICH RECOMMENDS, IN GENERAL TERMS, THAT PRIORITY ATTENTION BE GIVEN TO THOSE COMMODITIES FOR WHICH PREPARATORY ANALYTICAL WORK IS MOST ADVANCED. OUR STRONG PREFERENCE IS FOR A TEXT WHICH DOES NOT INCLUDE A LIST OF SPECIFIC COMMODITIES. IT MUST ALSO BE CLEARLY EMPHASIZED THAT ANY SUCH RECOMMENDATIONS CONCERNING SCHEDULING DO NOT IMPLY ANY PREMATURE CONCLUSIONS AS TO THE LIKELY OUTCOME OF THE SPECIFIC COMMODITY DISCUSSIONS INVOLVED. IF THE DELEGATION FINDS IT IMPOSSIBLE TO AVOID THE INCLUSION OF SPECIFIC COMMODITIES, WE WOULD PREFER THAT THE LIST BE LIMITED TO TEA, JUTE, AND COPPER, SINCE SUBSTANTIAL TECHNICAL WORK HAS BEEN COMPLETED ALREADY ON THESE PRODUCTS. WE WOULD NOT BE HAPPY WITH THE INCLUSION OF TROPICAL TIMBER, THE HARD FIBERS, OR COTTON, BUT CAN LIMITED OFFICIAL USE
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ACCEPT IT IF THERE IS NO SUPPORT FOR THEIR EXCLUSION AT THIS TIME. REGARDING THE LAST THREE COMMODITIES, THE DELEGATION SHOULD STRESS THAT THE TECHNICAL WORK ON THESE PRODUCTS IS STILL IN A PRELIMINARY PHASE AND THAT WIDE DIFFERENCES PERSIST BETWEEN PRODUCERS AND CONSUMERS AS TO THE PROBLEMS AFFECTING THEIR MARKETS AND THE RANGE OF MEASURES WHICH MIGHT BE RELEVANT. WHILE WE ARE WILLING TO JOIN IN EFFORTS TO COMPLETE THE PRELIMINARY WORK ON THESE PRODUCTS, WE SHOULD MAKE IT PLAIN THAT, IN OUR VIEW, THERE IS LITTLE PROSPECT OF RAPID PROGRESS IN THESE CASES IN THE NEAR TERM.

4. EXTENSION OF IPC DEADLINE: THE U.S. CAN REPEAT CAN CONCUR IN A RECOMMENDATION TO THE TDB TO EXTEND THE IPC DEADLINE TO THE END OF 1979.

5. ROLE OF PREPARATORY MEETING CHAIRMEN: THE U.S. POSITION ON THIS POINT WAS OUTLINED IN REF B, WHICH DEALT SPECIFICALLY WITH THE PARTICIPATION OF GEORGE WANAMAKER (USDA), CHAIRMAN OF THE VEGETABLE OILS MEETINGS. THE DELEGATION SHOULD RESIST EFFORTS TO LEAD CHAIRMEN INTO INDEPENDENT DISCUSSION OF SUBSTANTIVE POLICY ISSUES, IN KEEPING WITH POINTS IN PARAGRAPH THREE ABOVE. THE MEETING SHOULD RESTRICT ITSELF TO RECEIVING CHAIRMEN'S

REPORTS OF THE LATEST DELIBERATIONS AND STATUS OF

PREPARATORY MEETINGS. QUESTIONS DIRECTED TO THE CHAIRMEN SHOULD BE LIMITED TO THOSE WHICH THEY CAN ANSWER STRICTLY IN THEIR OFFICIAL CAPACITIES.

6. OTHER POLICY ISSUES: THE MISSION REFERRED IN PARAGRAPH SIX OF REF A TO FOUR GENERAL QUESTIONS WHICH COREA SUGGESTED FOR REVIEW IN TD/B/IPC/AC/20. AS THE MISSION NOTED, U.S. POLICY ON THESE ISSUES IS CLEAR AND EFFORT SHOULD BE MADE TO MAINTAIN GROUP B CONSENSUS IN LINE WITH U.S. VIEWS AND IN OPPOSITION TO THE EVIDENT THRUST OF LIMITED OFFICIAL USE
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COREA'S TREATMENT OF THE ISSUE. THE FOLLOWING POINTS ARE TIED TO DISCUSSION IN PARAGRAPH SIX, REF A:

(1) RESOLUTION 93 (IV) HAS NEVER BEEN INTERPRETED BY THE U.S. AS CONSTITUTING AN A PRIORI COMMITMENT TO THE IMPLEMENTATION OF ANY PARTICULAR MEASURE, LET ALONE PRICE STABILIZATION MEASURES FOR MANUFACTURED PRODUCTS. THE STATEMENT OF RESERVATION AND EXPLANATION ISSUED BY THE U.S. AT UNCTAD IV MADE IT PLAIN THAT, IN OUR VIEW, THE PURPOSE OF THE SPECIFIC COMMODITY DISCUSSIONS WAS TO CONSIDER, "WITHOUT COMMITMENT," MEASURES WHICH MIGHT BE APPROPRIATE FOR EACH COMMODITY. COREA'S POSITION ON THIS ISSUE IMPLIES A COMMITMENT THAT WAS NEVER MADE. (2) ANY CONSIDERATION OF POSSIBLE STABILIZATION MEASURES FOR SPECIFIC COMMODITIES MUST BE GROUNDED IN A CAREFUL ANALYSIS OF THE ECONOMIC CONDITIONS PREVAILING IN EACH SPECIFIC MARKET. THE RESULTS OF THE CONSULTATIONS IN THE SPECIFIC COMMODITY GROUPS OVER THE PAST YEAR AND A HALF CONFIRM THE VALIDITY OF THIS CASE-BY-CASE APPROACH. THE "OVERALL BENEFITS" OF THE IPC CAN BE DETERMINED ONLY TO THE EXTENT THAT POTENTIAL COSTS AND BENEFITS OF PARTICULAR MEASURES IN PARTICULAR MARKETS HAVE BEEN DETERMINED. (3) THE U.S. CONSIDERS THAT THE QUESTION OF THE RELATIONSHIP BETWEEN ANY GIVEN COMMODITY ORGANIZATION AND UNCTAD IS ONE WHICH SHOULD PROPERLY BE LEFT TO THE PRODUCING AND CONSUMING COUNTRIES DIRECTLY INVOLVED IN ESTABLISHING THE ORGANIZATION. AS IN THE CASE OF THE PROPOSED PRODUCER/CONSUMER FORUM FOR COPPER, SETTING UP SUCH A BODY INDEPENDENTLY COULD PERMIT IT TO FOCUS MORE EFFECTIVELY ON THE ISSUES OF CONCERN TO THE COUNTRIES WITH A GENUINE INTEREST IN THE COMMODITY. AT THE SAME TIME, THE U.S. BELIEVES THERE CAN AND SHOULD BE A COOPERATIVE WORKING RELATIONSHIP BETWEEN THE STAFFS OF UNCTAD AND ANY SUCH COMMODITY BODIES, TO INCLUDE SHARING OF DATA AND
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RESEARCH PROJECTS. (4) STOCKING PROGRAMS UNDER NATIONAL

CONTROL ARE NOT, IN OUR VIEW, APPROPRIATE FOR DISCUSSION IN THE CONTEXT OF THE INTEGRATED PROGRAM. OUR POSITION IS THAT STOCKING ACTIVITIES SHOULD BE CARRIED OUT IN THE CONTEXT OF INTERNATIONAL COMMODITY ARRANGEMENTS SET UP BY MUTUAL AGREEMENT AMONG PRODUCERS AND CONSUMERS.

7. COMMON FUND: THE US IS NOT REPEAT NOT PREPARED AT THE SUBJECT MEETING TO AGREE TO SPECIFIC DATES FOR A RENEWED SESSION OF THE COMMON FUND NEGOTIATING CONFERENCE. LIKE OTHERS, WE DO NOT WANT ANOTHER FAILED CONFERENCE. TO AVOID SUCH AN OUTCOME AND TO ENSURE REASONABLE PROSPECTS FOR A SUCCESSFUL NEGOTIATING CONFERENCE, WE BELIEVE IT IS NECESSARY TO ESTABLISH AN ADEQUATE BASIS FOR RESUMPTION. THE SEVERAL INFORMAL MEETINGS THAT HAVE BEEN HELD IN GENEVA BETWEEN REPRESENTATIVES OF GROUP B AND G-77 COUNTRIES (SEE REF C FOR A REPORT ON THE LATEST SUCH MEETING) HAVE MADE SOME PROGRESS IN NARROWING SOME OF THE QUESTIONS AT ISSUE. IN OUR VIEW, HOWEVER, THE DIFFERENCES WHICH REMAIN ARE STILL SUFFICIENTLY SIGNIFICANT TO PUT INTO QUESTION WHETHER THERE IS REASONABLE ASSURANCE FOR A SUCCESSFUL OUTCOME TO A RESUMED NEGOTIATING CONFERENCE. WE THEREFORE BELIEVE IT WOULD BE APPROPRIATE TO ASK THE SECRETARY GENERAL TO SUGGEST A FORMULA FOR FURTHER CONTACTS, FOLLOWING WHICH WE WOULD ASK HIM TO CONVEY HIS ASSESSMENT OF THE SITUATION AND PROSPECTS TO THE VARIOUS GROUPS WHO, IN LIGHT THEREOF, WOULD BE EXPECTED TO REACH A DECISION ON RESUMPTION AND TIMING.

8. IN TAKING THE ABOVE POSITION, THE DELEGATION SHOULD MAKE CLEAR THAT WE ARE OPEN-MINDED AS TO THE PRECISE FORM OF ANY FURTHER CONSULTATIONS. ONE SUGGESTION ADVANCED AT THE LAST INFORMAL MEETING WAS FOR A "FRIENDS OF THE CHAIRMAN" GROUP. WE COULD ACCEPT SUCH A FORMULA, LIMITED OFFICIAL USE
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OR ANY OTHER APPROACH THAT WOULD ENABLE VARIOUS GROUPS TO REFLECT THEIR VIEWS. THE MAIN POINT IS TO FIND A WAY ACCEPTABLE TO ALL PARTIES TO PURSUE THE CURRENT PROCESS OF LAYING THE BASIS FOR RESUMED NEGOTIATIONS.

9. IN SUPPORTING THIS APPROACH, THE DELEGATION MAY INDICATE THAT ASSUMING SUCH EXCHANGES PROGRESS AS WE WOULD HOPE, WE WOULD FIND IT REASONABLE TO AIM AT RESUMPTION OF NEGOTIATIONS TOWARDS THE END OF THE YEAR. WHILE INDICATING SUCH A TARGET PERIOD, HOWEVER, YOU SHOULD AVOID MAKING ANY EXPLICIT COMMITMENT ON TIMING.

10. THE HEAD OF DELEGATION SHOULD APPROACH SYG COREA AT THE FIRST OPPORTUNITY TO EXPLAIN THE U.S. POSITION--

STRESSING IN PARTICULAR OUR CONCERN TO AVOID FAILURE

AT ANOTHER NEGOTIATING CONFERENCE AND THE IMPORTANCE
WE THEREFORE ATTACH TO ESTABLISHING A SATISFACTORY
BASIS FOR RESUMPTION.

11. THE DELEGATION SHOULD SEEK SUPPORT FOR THIS APPROACH
FROM OTHER GROUP B DELEGATIONS--PARTICULARLY THE FRG, UK,
FRANCE, JAPAN, AND NETHERLANDS--WITH A VIEW TO ESTABLISH-
ING A GROUP B CONSENSUS. IN PARTICULAR THE DELEGATION
SHOULD SEEK A GROUP B DECLARATION THAT THERE ARE STILL
SIGNIFICANT DIVERGENCIES OF VIEW AMONG GROUPS ON FUNDAMENTAL
ISSUES AND THAT--AS A CONSEQUENCE--A SATISFACTORY BASIS
FOR RESUMPTION HAS YET TO BE ESTABLISHED. THE DELEGATION
SHOULD AVOID ENDORSEMENT OF ANY RESOLUTION THAT SUGGESTS--
EXPLICITLY OR IMPLICITLY--THAT AN ACCEPTABLE BASIS FOR
RESUMPTION HAS BEEN ESTABLISHED.

12. IF THE SECRETARY GENERAL AND GROUP OF 77 INSIST ON
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SETTING DATES FOR RESUMPTION, NO GROUP B CONSENSUS EMERGES,
AND THE U.S. IS NOT SUPPORTED BY THE MAJOR COUNTRIES IN
GROUP B ON THIS ISSUE, THE DELEGATION SHOULD SEEK INSTRUCT-
IONS FROM WASHINGTON.

13. IF THE SUBJECT OF SYG COREA'S LATEST INFORMAL PAPER
IS RAISED, THE U.S. SHOULD AVOID ANY TYPE OF ENDORSEMENT OF
THE PAPER AS A BASIS FOR RESUMPTION. THE DELEGATION SHOULD
ALSO AVOID SUBSTANTIVE DISCUSSION OF THE PAPER ON THE
GROUNDS IT IS INAPPROPRIATE FOR THE AHIGC. SHOULD SUCH
DISCUSSION PROVE UNAVOIDABLE FOR ANY REASON, THE DELEGATION
SHOULD BASE ANY COMMENTS IT MAKES ON REF. C, PARA 3. VANCE

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